

BEFORE THE
UNITED STATES TRADE REPRESENTATIVE

PUBLIC VERSION

IN THE MATTER OF:

CERTAIN STEEL PRODUCTS

Investigation No. TA-201-73

REQUEST TO EXEMPT CERTAIN STAINLESS BAR, WIRE, ROD, AND TOOL STEEL
FROM IMPORT RELIEF UNDER SECTION 203
SUBMITTED ON BEHALF OF USINOR

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I. INTRODUCTION

Section 201 establishes that the remedy ultimately adopted by the President not be more protectionist than necessary to remedy the serious injury sustained by the domestic industry.¹ To this end, the President must consider the short- and long-term social benefits of any remedies on the U.S. economy² and refrain from implementing remedies that bestow greater social and economic harms on consumers than benefits on producers.³ Thus, the Trade Policy Staff Committee (“Committee”) should scrupulously avoid recommending remedies that undermine the fundamental purpose of Section 201 and cause more economic harm than good to the United States’ economy. The proposed remedies should not extend protection to sectors of the domestic industry that are not adversely affected by imports. Rather, any proposed remedies should be tailored to ensure that they fit within the remedial constraints imposed by the statute.

The United States International Trade Commission (“Commission”) has determined that increased imports of stainless bar, wire, rod, and tool steel have contributed to the serious injury sustained by the domestic industry. This category includes a vast array of products representing the spectrum of qualities, grades, chemistries, sizes, and other features that are reflected in various industry specifications and are subject to specific end-uses. There is a marked lack of substitute products and end-use interchangeability among these various products. The blanket imposition of remedies on all stainless bar, wire, rod, and tool steel products, therefore, would be over-inclusive, neither effectively addressing the domestic industry’s current injury, nor

¹ See 19 U.S.C. § 2252(e)(1) (“the Commission shall... recommend the action that would address the serious injury, or threat thereof, to the domestic industry...”)

² See 19 U.S.C. § 2253(a)(2)(E).

facilitating a positive adjustment to import competition. Moreover, such excessive remedies would impose significantly greater burdens on the steel consuming industry than benefits on the steel producing industry. As the record unquestionably demonstrates, U.S. domestic steel producers can provide only about 80 percent of domestic steel demand. There are certain products that are either not produced in the United States or are primarily produced for captive consumption and, therefore, unavailable to domestic downstream processors. Accordingly, there are numerous domestic companies, such as automotive makers, that are wholly dependent upon imported steel products that are not otherwise available in the United States. Restricting or eliminating these products from the U.S. market would likely force many of these companies to either exit the U.S. steel market or move its production offshore. As Senator Chuck Hagel testified at the Commission's November 9th remedy hearing, there are "more than 50 times as many workers [] employed in steel-consuming industries as in the steel industry itself."⁴ Clearly, any remedy that would cause injury on such a substantial number of companies and threaten such a large amount of U.S. jobs cannot confer "greater social and economic benefits than costs."⁵ The Committee, therefore, should exempt certain products from its remedy recommendation.

II. STAINLESS BAR, WIRE, ROD, AND TOOL STEEL EXEMPTION REQUESTS

A. SMQ (Screw Machine Quality) Steel Bar

- (a) The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

³ See 19 U.S.C. § 2253(a)(1)(A).

⁴ Statement by Senator Chuck Hagel, Appendix 1.

⁵ 19 U.S.C. § 2251(a).

Screw machine quality stainless bar. This product is imported under HTS No. 7222.00.0045 and 7222.20.0075.

- (b) A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

Screw machine quality stainless steel bar is a unique product that possesses a diameter no larger than 1.000 inches and offers a fifty-percent improvement over standard industry tolerances for straightness and diameter variance. Moreover, screw machine quality stainless steel bar provides a surface finish guaranteed at 25 RMS as opposed to the 46 RMS found in other drawn bars, thereby providing a fifty-percent improvement over the industry standard. Finally, screw machine quality bar allows for special bar end conditioning options that minimize wear to customer equipment, resulting in significantly decreased production costs and increased economic viability.

- (c) The basis for requesting an exclusion;**

These unique characteristics combine to create substantial cost savings, thereby increasing the economic viability of this product's end users. In fact, several of Usinor's U.S. customers have specially designed their production lines to be compatible with screw machine quality steel bar and would be required to substantially retool in order to utilize any other form of bar.

- (d) The names and locations of any producers, in the United States and foreign countries, of the product;**

Screw machine quality stainless bar is a proprietary product that is manufactured solely by Usinor.

- (e) Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

Total U.S. consumption by quantity and value for each year from 1996-2000 are set forth in APPENDIX A. Projected consumption for years 2001-2005 is unavailable

- (f) Total U.S. production of the Product for each year from 1996-2000, if any;**

See APPENDIX A.

- (g) The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

There are no economically feasible substitutes for SMQ stainless bar.

(h) Parties supporting this request.

N/A

(i) Contact Person.

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B. UGIMA (Ugine Improved Machinability) Stainless Steel Bar

- (a) **The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

UGIMA (Ugine improved machinability) stainless steel bar. This product is imported under HTSUS No. 7222.20.0045 and 7222.20.0075.

- (b) **A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

Ugima® stainless steel bar is a resulpherized austenitic stainless steel with improved machinability at cold temperatures, possessing a sulphur content of less than 0.030% and calcium and oxygen contents in the ranges of 10-300 ppm and 30-300 ppm respectively.

- (c) **The basis for requesting an exclusion;**

Usinor is the sole producer of Ugima® stainless steel bar and, thus, does not directly compete against any United States domestic manufacturer.

- (d) **The names and locations of any producers, in the United States and foreign countries, of the product;**

Ugima stainless steel bar is a proprietary product that is manufactured solely by Usinor.

- (e) **Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

Total U.S. consumption by quantity and value for each year from 1996-2000, are set forth in APPENDIX B. Projected consumption for years 2001-2005 is unavailable.

- (f) **Total U.S. production of the Product for each year from 1996-2000, if any;**

See APPENDIX B.

- (g) **The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

There are no economically feasible substitutes for UGIMA stainless steel bar.

- (h) **Parties supporting this request.**

N/A

(i) Contact Person.

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C. Stainless Rod in Diameters Less than 5.00 Millimeters

- (a) The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

Stainless rod in diameters less than 5.00 millimeters are imported under HTSUS No. 7221.00.0005 and 7221.00.0015.

- (b) A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

N/A

- (c) The basis for requesting an exclusion;**

There are no United States manufacturers producing stainless steel or nickel alloy steel rods in equivalent diameters and, thus, Usinor does not directly compete with domestic manufacturers in these products. These rods offer end users the unique ability to avoid costly intermediate processing operations, such as annealing or drawing and current end-users of this product could not utilize substitute product without considerable alteration to their manufacturing processes.

- (d) The names and locations of any producers, in the United States and foreign countries, of the product;**

Based upon the best information available to Usinor, there are no U.S. or foreign producers of stainless rod in diameters less than 5.00 millimeters.

- (e) Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

Total U.S. consumption by quantity and value for each year from 1996-2000, are set forth in APPENDIX C. Projected consumption for years 2001-2005 is unavailable.

- (f) Total U.S. production of the Product for each year from 1996-2000, if any;**

See APPENDIX C.

- (g) The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

There are no economically viable substitutes for stainless rod in diameters less than 5.00 millimeters.

(h) Parties supporting this request.

N/A

(i) Contact Person.

For any questions regarding this request, please contact:

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D. Stainless Air Melt Grade A286 Rod

- (a) **The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

Stainless air melt grade A286 rod is imported under HTSUS No. 7221.00.0005 and 7221.00.0015.

- (b) **A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

Air melt grade A286 rod possesses the following chemical composition:

Carbon: 0.08% maximum	Chromium: 13.5% - 16.0%
Manganese: 1.25% - 1.75%	Molybdenum: 1.0% to 1.5%
Silicon: 1.0% maximum	Vanadium: 0.1% - 0.5%
Sulfur: 0.015% maximum	Aluminum: 0.35% maximum
Nickel: 24.0% - 27.0%	Titanium: 1.9% - 2.3%

- (c) **The basis for requesting an exclusion;**

Air melt grade A286 steel rod is a high value specialty product that provides the strength at high temperatures, creep resistance, and resistance to oxidation and corrosion necessary to meet the Environmental Protection Agency's emissions standards. The air melting production process is highly complex, requiring specialized training and equipment. There are no domestic mills currently producing rod through this process.

- (d) **The names and locations of any producers, in the United States and foreign countries, of the product;**

Air melt grade A286 steel rod is produced solely by Usinor.

- (e) **Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

Total U.S. consumption by quantity and value for each year from 1996-2000 are set forth in APPENDIX D. Projected consumption for years 2001-2005 is unavailable.

- (f) **Total U.S. production of the Product for each year from 1996-2000, if any;**

See APPENDIX D.

- (g) **The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

N/A

- (h) **Parties supporting this request.**

N/A

- (i) **Contact Person.**

For any questions regarding this request, please contact:

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E. Stainless Profile Wire

- (a) **The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

Stainless Profile Wire is imported under HTS No. 7223.00.9000

- (b) **A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

Stainless profile wire made of stainless steel or other high alloy steel wires that are shaped to unique profiles meeting extremely strict geometric and metallurgical tolerances

- (c) **The basis for requesting an exclusion;**

Profile wire is primarily used in manufacturing filtration screening that is used in the oil, water, and coal industries. Quality and consistency are critical factors in special profiles utilized in components in energy industry equipment. Usinor is a stable responsible high-quality, high-value supplier of profile wire to the U.S. market. The domestic wire industry is not capable of supplying the consistent quality of the special profile wire that is required by the U.S. producers of critical filtration equipment.

- (d) **The names and locations of any producers, in the United States and foreign countries, of the product;**

U.S. Filter – Warrendale, PA.

- (e) **Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

N/A

- (f) **Total U.S. production of the Product for each year from 1996-2000, if any;**

N/A

- (g) **The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

U.S. Filter produces solely for captive consumption and, therefore, there are no U.S. import substitutes.

(h) Parties supporting this request.

An affidavit in support of exempting profile wire is contained in APPENDIX E.

(i) Contact Person.

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F. Superplast P20 Tool Steel Plate with a Unit Weight Greater than 50 Tons

- (a) **The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

Superplast P20 Tool Steel Plate with a Unit Weight Greater than 50 Tons is imported under HTS No. 7228.50.1080.

- (b) **A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

It consists of plastic mold steel forged blocks and plates with hardness ratings between 28hrc to 32hrc and is primarily used by the automotive industry in the production of large dimension automotive components. This product contains the following chemical composition. All numbers are gives as percentages-by-weight.

C	Cr	Mn	Ni	Mo	V	Si
0.35	1.8	0.95	0.2-1.0	0.4	-	0.4

- (c) **The basis for requesting an exclusion;**

Usinor is the only supplier capable of producing forged blocks with weights greater than 50 tons per unit and, thus, does not compete with any domestic manufacturer.

- (d) **The names and locations of any producers, in the United States and foreign countries, of the product;**

To the best knowledge of Usinor, this product is not produced by the U.S. producers: Allegheny Ludlum, Timken Latrobe, Cartech, Universal Stainless & Alloy, or Crucible.

- (e) **Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

Total U.S. consumption by quantity and value for each year form 1996-2000 are set forth in APPENDIX F. Projected consumption for years 2001-2005 is unavailable.

- (f) **Total U.S. production of the Product for each year from 1996-2000, if any;**

See APPENDIX F.

- (g) **The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

N/A

- (h) **Parties supporting this request.**

N/A

- (i) **Contact Person.**

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G. Superplast P20 Tool Steel Plates with a Thickness Greater than 150 Millimeters

- (a) **The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

Superplast P20 Tool Steel Plates with a Thickness Greater than 150 Millimeters is imported under HTS Nos. 7225.40.1090, 7228.60.1060, and 7228.50.1080.

- (b) **A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

Superplast P20 Tool Steel Plate with a thickness greater than 150 millimeters possess the following chemical composition:

C	Cr	Mn	Ni	Mo	V	Si
0.35	1.8	0.95	0.2-1.0	0.4	-	0.4

- (c) **The basis for requesting an exclusion;**

Usinor is the sole producer capable of manufacturing this product in this size. To the best knowledge of Usinor, this product is not produced by the U.S. producers: Allegheny Ludlum, Timken Latrobe, Cartech, Universal Stainless & Alloy, or Crucible.

- (d) **The names and locations of any producers, in the United States and foreign countries, of the product;**

N/A

- (e) **Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

Total U.S. consumption by quantity and value for each year form 1996-2000, are set forth in APPENDIX G. Projected consumption for years 2001-2005 is unavailable.

- (f) **Total U.S. production of the Product for each year from 1996-2000, if any;**

See APPENDIX G.

- (g) **The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

Product substitution is not feasible for this product.

- (h) **Parties supporting this request.**

N/A

- (i) **Contact Person.**

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H. Forged Tool Steel Bar

- (a) **The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which this product enters the United States;**

Forged tool steel bar, ASTM A 681, grade D2, H13, A2, S7 is imported under HTS No. 7228.40.0000.

- (b) **A description of the product based on physical characteristics (e.g, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought;**

Forged tool steel bar, ASTM A 681, grade D2, H13, A2, S7 from 12 to 36 inches in diameter, as forged or rough bar.

- (c) **The basis for requesting an exclusion;**

This product is produced domestically in insignificant volumes that cannot domestic demand. Roughly 90 percent of the domestic consumption of forged tool steel bar is supplied by imports. Imposition of trade restricting remedies on this product will result in the loss of business in the consuming industries.

- (d) **The names and locations of any producers, in the United States and foreign countries, of the product;**

Domestic producers do not provide tool steel bar in both sufficient volume or quality to meet domestic demand. Erie Steel (Erie, PA) and Ellwood City Forge (Ellwood, PA) produces only grade H13. Latrobe Steel (Latrobe, PA) and Crucible (Syracuse, NY) do not produce tool steel bar in excess of 16" in diameter and have actually been purchasing larger bar sizes overseas for many years.

Foreign producers include Thyssen Specialty Steel (Germany), Villares (Brazil)(22 inches and under only), Groditz (Germany)(grade D2 only), and Russian producers (electrostal)(limited to sizes under 20 inches).

- (e) **Total U.S. consumption of the product, if any, by quantity and value for each year, from 1996-2000, and projected annual consumption for each year from 2001-2005, with an explanation of the basis for the projection;**

U.S. annual consumption is approximately 10-15,000 tons by quantity and \$16-24 million by value.

Projected consumption for years 2001-2005 are unavailable.

- (f) **Total U.S. production of the Product for each year from 1996-2000, if any;**

U.S. annual production is approximately 1,000 to 1,500 tons (roughly 10% of domestic annual consumption).

- (g) **The identity of any U.S. produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.**

Product substitution is not feasible for forged tool steel bar.

- (h) **Parties supporting this request.**

An affidavit in support of exemption for forged tool steel bar is provided in APPENDIX H.

- (i) **Contact Person.**

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III. CONCLUSION

The products listed above are essential to the welfare of a substantial number of domestic steel processors. The domestic industry is incapable of either producing these products or meeting domestic demand. It is clear, therefore, that imports of these products do not compete with domestic products. Thus, any remedial measures imposed on these products cannot address the underlying causes of the domestic industry's current injury and cannot facilitate a positive adjustment to import competition. The Committee, therefore, should exempt these products from its remedy recommendation.

Respectfully submitted,

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